

**GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:3579
ANSWERED ON:22.12.2004
SICKNESS IN AGRO RURAL INDUSTRIES
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Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a): whether the Government is aware of the sickness in the agro and rural industries;
- (b): if so, the State-wise details of the units closed down in each of the last three years;
- (c): the manner in which the Government proposes to revive these sick units;
- (d): whether there is any financial package for revival of these units; and
- (e): if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)&(b): While the Government is aware of sickness in the agro and rural industries, State-wise details of closed units in the agro and rural industries sector are not maintained centrally.

(c)to(e): Existing units which were set up under credit linked subsidy schemes like the Rural Employment Generation Programme(REGP) and the Pradhan Mantri Rozgar Yojana (PMRY) and have subsequently become sick, are eligible for the rehabilitation assistance available to sick units in the small scale industries (SSI) sector, as per the guidelines of the Reserve Bank of India (RBI). These measures include, inter alia:

- (i) Waiver of penal interest on cash credit and term loan from the year the unit started making cash losses.
- (ii) Unpaid interest on cash credit and term loan should be segregated from the total liability and the former amount treated as a separate interest-free loan.
- (iii) Reduced rate of interest (reduction of upto 3 per cent for tiny units and of upto 2 per cent for SSI units) should be charged on unpaid term loans.
- (iv) Additional working capital loan should be given at a rate of interest not exceeding the prime lending rate.